



# U.S.-KOREA TRADE AGREEMENT

## Wyoming Farmers Will Benefit

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December 2010

The U.S.-Korea Trade Agreement, known as the KORUS agreement, will immediately eliminate duties on nearly two-thirds of current U.S. agricultural exports to Korea and gives U.S. exporters improved access to the Korean market for many products that have been highly protected. The U.S. International Trade Commission estimates that annual U.S. agricultural exports to Korea will increase by a minimum of \$1.9 billion upon full implementation of the agreement.

The KORUS agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of Wyoming agricultural products, including beef, vegetables, and wheat and barley. Wyoming's agricultural exports to all countries, estimated at \$119 million in 2009, supported roughly 950 jobs both on and off the farm. Export sales make an important contribution to the Wyoming farm economy, which had total cash receipts of \$970 million in 2009.

**Cattle and Beef.** The cattle and calf industry accounts for over 60 percent of Wyoming farm cash receipts, with sales of \$614 million in 2009. Among the KORUS agreement's benefits to Wyoming's cattle and beef producers and processors:

- For beef muscle meats, the KORUS agreement provides a 15-year straight-line tariff phase out of the 40 percent tariff reaching duty-free access in Year 15.
- For beef offals and variety meats, the KORUS agreement provides a 15-year straight-line phase out of the 18 percent tariff reaching duty-free access in Year 15.

**Wheat and Barley.** In 2009, cash receipts for barley and wheat totaled \$31 million and \$23 million, respectively. Under the KORUS agreement:

- An unlimited amount of U.S. wheat for milling can enter Korea duty free upon implementation of the agreement.
- Korea's imports of U.S. wheat will no longer be subject to Korea's 1.8-percent tariff or the 1-percent tariff under its autonomous tariff-rate quota (TRQ).
- Although this tariff differential may be small, it provides a small tariff advantage when competing against Canada and Australia.
- A new 2,500-metric ton duty-free TRQ established for unhulled and naked barley that will give the United States a tariff advantage over competitors (Australia and China).
- A new 9,000-metric ton duty-free TRQ established for unroasted malt and/or malting barley provides the United States with 10- and 20-percent tariff advantages, respectively, over our competitors.

**Vegetables and Vegetable Products, Including Pulses.** In 2009, Wyoming exported an estimated \$9 million of vegetables and preparations and earned \$21 million in farm cash receipts for dry beans. The KORUS agreement will provide many benefits to the vegetable industry.

- Frozen potato fries and chipping potatoes (during the U.S. potato shipping season) will be eliminated immediately.
- A new 3,000-metric ton duty-free TRQ for fresh potatoes and a new 5,000-metric ton duty-free TRQ for dehydrated potatoes will bring opportunities for growers.
- The current 27-percent tariff on most pulses (peas, beans, and other legumes) will be eliminated within 5 years while the tariff for lentils will be removed within 10 years.

<b>Selected Agricultural Product Exports For FY 2009 (Oct. 2008-Sept. 2009)</b>		
<b>Product</b>	<b>U.S. to World</b>	<b>Wyoming to World</b>
<b>Cattle and Beef</b>	\$6,703,000,000	\$9,000,000
<b>Wheat and Barley</b>	\$8,598,000,000	\$14,000,000
<b>Feed Grains</b>	\$11,979,000,000	\$15,000,000
<b>Vegetables, Including Pulses</b>	\$5,279,000,000	\$9,000,000
<b>Agricultural Total</b>	\$96,632,000,000	\$119,000,000

*Compiled by ERS using data from Census Bureau, Commerce and NASS.*

*Note:* All State export figures used herein are estimated on a fiscal year basis (October-September) by USDA's Economic Research Service (ERS); all State cash receipt figures are compiled by USDA's National Agricultural Statistics Service (NASS) and ERS on a calendar year basis.

For questions about the U.S.-Korea Trade Agreement and its impact on U.S. agriculture, please contact FAS Legislative and Public Affairs at (202)720-7115 or [LPA@fas.usda.gov](mailto:LPA@fas.usda.gov).